

Strategic Management, 15e, Global Edition (David/David)
Chapter 10 Strategy Execution

1) Effective strategy formulation can usually guarantee successful strategy implementation.

Answer: FALSE

Diff: 2

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

2) Strategy formulation is the managing of forces during the action, whereas strategy implementation is the positioning of forces before the action.

Answer: FALSE

Diff: 1

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

3) Strategy formulation requires coordination among a few individuals, but strategy implementation requires coordination among many.

Answer: TRUE

Diff: 2

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

4) It is always easier to say you are going to do something (strategy formulation) than to actually do it (strategy implementation).

Answer: TRUE

Diff: 1

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

5) Unlike strategy formulation, strategy implementation varies considerably among different types and sizes of organizations.

Answer: TRUE

Diff: 2

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

6) A bottom-up flow of communication is essential for developing bottom-up support.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

7) Annual objectives are key components in the strategic-management process because they dictate how resources will be allocated.

Answer: TRUE

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

8) Horizontal consistency is more important than vertical consistency in developing annual objectives.

Answer: FALSE

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

9) Undesirable conduct such as distorting the records can be a result of overemphasis on achieving objectives.

Answer: TRUE

Diff: 1

AACSB: Ethical understanding and reasoning

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

10) Policies refer to specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work toward stated goals.

Answer: TRUE

Diff: 1

AACSB: Written and oral communication

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

11) Strategies clarify what can and cannot be done in pursuit of an organization's objectives.

Answer: FALSE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

12) A recent study reports that nearly 90 percent of employers today offer some kind of wellness incentives or prizes to employees who "get healthier."

Answer: TRUE

Diff: 2

Objective: 10.02 Explain why corporate wellness has become so important in strategic planning.

Learning Outcome: Discuss best practices for strategy implementation

13) Four types of resources that can be used to achieve desired objectives are financial, physical, human, and technological.

Answer: TRUE

Diff: 1

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

14) Avoidance, defusion, and confrontation are the classifications for the various types of conflict that can arise in organizations.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

15) Well-run organizations are able to completely avoid conflict.

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

16) In the context of conflict management and resolution, ignoring the problem in the hopes that the conflict will resolve itself is classified as a defusion technique.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

17) Holding a meeting at which conflicting parties present their views and work through their differences is part of the defusion technique of managing conflict.

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

18) Exchanging members of conflicting parties so each can gain an appreciation of the other's point of view exemplifies a confrontation approach.

Answer: TRUE

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

19) Medium-sized firms tend to be divisionally structured, whereas large firms tend to use an SBU (strategic business unit) or matrix structure.

Answer: TRUE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

20) Tasks and activities are grouped together by business function in a divisional organizational structure.

Answer: FALSE

Diff: 1

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

21) A functional structure can be effective at eliminating short-term and narrow thinking.

Answer: FALSE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

22) Most large companies have abandoned the functional structure in favor of decentralization.

Answer: TRUE

Diff: 1

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

23) With a divisional structure, it is possible that competition between divisions may become so intense that it leads to improved sharing of ideas and resources for the common good of the firm.

Answer: FALSE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

24) With a divisional structure by customer, an organization can effectively cater to the requirements of clearly defined customer groups.

Answer: TRUE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

25) Because activities are organized according to the way work is actually performed, a divisional structure by process is similar to the matrix structure.

Answer: FALSE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

26) The most complex of all organizational structures is a matrix structure.

Answer: TRUE

Diff: 1

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

27) With the matrix structure it is common for functional resources to be duplicated.

Answer: FALSE

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

28) When developing an organizational chart, the title president should be reserved for the top executive of the firm.

Answer: FALSE

Diff: 2

Objective: 10.01 Construct effective organizational chart.

Learning Outcome: Compare and contrast approaches to organizational structure

29) When developing an organizational chart, it is not wise to recommend a dual title for just one executive.

Answer: TRUE

Diff: 1

Objective: 10.01 Construct effective organizational chart.

Learning Outcome: Compare and contrast approaches to organizational structure

30) In developing an organizational chart, avoid having a particular person reporting to more than one person above them in the chain of command.

Answer: TRUE

Diff: 2

Objective: 10.01 Construct effective organizational chart.

Learning Outcome: Compare and contrast approaches to organizational structure

31) Restructuring is also called rightsizing.

Answer: TRUE

Diff: 1

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

32) In terms of number of employees, restructuring usually involves increasing the size of the firm.

Answer: FALSE

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

33) Reengineering does not usually affect the organizational structure or chart, nor does it imply job loss or employee layoffs.

Answer: TRUE

Diff: 3

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

34) Six Sigma is generally equally successful in retail firms and manufacturing firms.

Answer: FALSE

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

35) The focus of restructuring is changing the way work is actually carried out.

Answer: FALSE

Diff: 3

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

36) Restructuring in many firms has made a manager's job an invisible, thankless role.

Answer: TRUE

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

37) A dual bonus system based on both annual objectives and long-term objectives is becoming common.

Answer: TRUE

Diff: 2

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

38) In Japan, performance rather than seniority has traditionally been the key factor in determining pay.

Answer: FALSE

Diff: 3

AACSB: Diverse and multicultural work environments

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

39) People's anxieties are raised with the thought of change because they fear economic loss, inconvenience, uncertainty, and a break in normal social patterns.

Answer: TRUE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

40) Resistance to change can be considered the single greatest threat to successful strategy implementation.

Answer: TRUE

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

41) A rational change strategy means giving orders and enforcing those orders.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

42) When the rational type change strategy is successful, strategy implementation can be relatively easy.

Answer: TRUE

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

43) The advantage of the educative change strategy is that implementation is quick and relatively easy.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

44) The rational change strategy is one that presents information to convince people of the need for change.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

45) Strategists should strive to create a work environment in which change is recognized as necessary and beneficial so that individuals can more easily adapt to change.

Answer: TRUE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

46) A force change strategy is plagued by low commitment and high resistance.

Answer: TRUE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

47) Organizational change today should be viewed as a project or event rather than as a continuous project.

Answer: FALSE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

48) Changing a strategy to fit an existing culture is not as effective as changing a firm's culture to fit a new strategy.

Answer: TRUE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

49) Strategists should strive to preserve, emphasize, and build upon aspects of an existing culture that are antagonistic to a proposed strategy.

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

50) Recruitment, promotion, and mentoring are ways to alter an organization's culture.

Answer: TRUE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

51) When attachments to a culture are severed in an organization's attempt to change direction, employees and managers often experience deep feelings of grief.

Answer: TRUE

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

52) Production processes typically constitute less than 50 percent of a firm's total assets.

Answer: FALSE

Diff: 2

Objective: 10.07 Describe the relationships between production and operations and strategy implementation.

Learning Outcome: Discuss best practices for strategy implementation

53) JIT significantly increases the costs of implementing strategies.

Answer: FALSE

Diff: 1

Objective: 10.07 Describe the relationships between production and operations and strategy implementation.

Learning Outcome: Discuss best practices for strategy implementation

54) Besides reducing worker alienation and stimulating productivity, ESOPs allow firms other benefits, such as substantial tax savings.

Answer: TRUE

Diff: 2

Objective: 10.09 Discuss employee stock ownership plans (ESOPs) as a strategic-management concept.

Learning Outcome: Discuss best practices for strategy implementation

55) ESOPs work well even in firms with fluctuating payrolls and profits.

Answer: FALSE

Diff: 2

Objective: 10.09 Discuss employee stock ownership plans (ESOPs) as a strategic-management concept.

Learning Outcome: Discuss best practices for strategy implementation

56) The work and family issue is strictly a women's issue.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Discuss best practices for strategy implementation

57) The United States leads the world in promoting women and minorities into mid- and top-level managerial positions in business.

Answer: TRUE

Diff: 3

AACSB: Diverse and multicultural work environments

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Discuss best practices for strategy implementation

58) Strategy formulation

- A) is managing forces during the action.
- B) requires coordination among a few individuals.
- C) is primarily an operational process.
- D) requires special motivation and leadership skills.
- E) all of the above

Answer: B

Diff: 1

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

59) Which of these is true about strategy implementation?

- A) It is positioning forces before the action.
- B) It focuses on effectiveness.
- C) It is primarily an operational process.
- D) It is primarily an intellectual process.
- E) It requires intuitive skills.

Answer: C

Diff: 1

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

60) Which of the following is a management issue central to strategy implementation?

- A) Devising policies
- B) Revising reward and incentive plans
- C) Minimizing resistance to change
- D) Developing an effective human resources function
- E) All of the above

Answer: E

Diff: 2

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

61) Establishing objectives is a

- A) executive-only activity.
- B) centralized activity.
- C) decentralized activity.
- D) centralized-decentralized activity.
- E) command-and-control activity.

Answer: C

Diff: 1

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

62) Considerable time and effort should be devoted to assuring objectives are well conceived because they represent the basis for

- A) monitoring progress toward long-term objectives.
- B) establishing divisional priorities.
- C) allocating resources.
- D) evaluating managers.
- E) all of the above

Answer: E

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

63) Which of the following is NOT true about objectives?

- A) They should be communicated throughout the organization.
- B) They should have an appropriate time dimension.
- C) They should use terms like "maximize," "minimize," and "as soon as possible."
- D) They should be measurable.
- E) They should be consistent.

Answer: C

Diff: 2

AACSB: Written and oral communication

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

64) Which word or phrase would most be best to use in written objective statements?

- A) Maximize
- B) Minimize
- C) 10% increase
- D) Adequate
- E) As soon as possible

Answer: C

Diff: 3

AACSB: Written and oral communication

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

65) What term is used to describe specific guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work toward stated goals?

- A) Long-term objectives
- B) Policies
- C) Annual objectives
- D) Strategies
- E) Values

Answer: B

Diff: 2

AACSB: Written and oral communication

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

66) Policies

- A) let both employees and managers know what is expected of them.
- B) provide a basis for management control.
- C) allow coordination across organizational units.
- D) reduce the amount of time managers spend making decisions.
- E) all of the above

Answer: E

Diff: 3

AACSB: Written and oral communication

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

67) Which term is best defined as a central management activity that allows for strategy execution?

- A) Avoidance
- B) Furlough
- C) Competition
- D) Resource allocation
- E) Conflict

Answer: D

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

68) _____ is NOT a major factor that commonly prohibits effective resource allocation.

- A) Underprotection of resources
- B) Organizational politics
- C) Having vague strategy targets
- D) A reluctance to take risks
- E) A lack of sufficient knowledge

Answer: A

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

69) A disagreement between two or more parties on one or more issues is called a(n)

- A) integrated solution.
- B) conflict.
- C) compromise.
- D) diffusion.
- E) avoidance.

Answer: B

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

70) Conflict in an organization is

- A) always bad.
- B) always good.
- C) not always bad.
- D) a sign of bankruptcy.
- E) completely avoidable.

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

71) What are the three categories of approaches for managing and resolving conflict?

- A) Avoidance, defusion, and confrontation
- B) Avoidance, apathy, and defusion
- C) Ignorance, indifference, and apathy
- D) Defusion, apathy, and avoidance
- E) Indifference, avoidance, and role-playing

Answer: A

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

72) Which approach for managing and resolving conflict involves exchanging members of conflicting parties so that each can gain an appreciation of the other's point of view?

- A) Avoidance
- B) Resistance
- C) Compliance
- D) Defusion
- E) Confrontation

Answer: E

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

73) Which approach for managing and resolving conflict involves ignoring the problem in hopes that the conflict will resolve itself?

- A) Avoidance
- B) Resistance
- C) Compliance
- D) Defusion
- E) Confrontation

Answer: A

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

74) Which approach for managing and resolving conflict involves playing down differences between conflicting parties, while accentuating similarities and common interests?

- A) Avoidance
- B) Resistance
- C) Compliance
- D) Defusion
- E) Confrontation

Answer: D

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

75) Why do changes in company strategy often require changes in the way an organization is structured?

- A) Structure dictates how goals and objectives will be established.
- B) Structure dictates how resources will be allocated.
- C) Structure should be designed to facilitate the strategic pursuit of a firm.
- D) All of the above
- E) None of the above

Answer: D

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

76) What type of organizational structure promotes specialization of labor and allows rapid decision making?

- A) Divisional structure by product
- B) Functional structure
- C) Divisional structure by customer
- D) Strategic business unit
- E) Matrix structure

Answer: B

Diff: 3

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

77) Which organizational structure is the most widely used?

- A) Departmental
- B) Strategic business unit
- C) Functional
- D) Decentralized
- E) Matrix

Answer: C

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

78) Medium-sized firms tend to use which type of structure?

- A) Divisional
- B) Matrix
- C) SBU
- D) Functional
- E) Centralized

Answer: A

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

79) What is NOT one of the basic ways a divisional structure can be organized?

- A) By geographic area
- B) By product
- C) By customer
- D) By process
- E) By cost

Answer: E

Diff: 3

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

80) A divisional structure by product is most effective when

- A) special emphasis needs to be placed on specific products.
- B) an organization offers few products.
- C) an organization's products or services differ substantially.
- D) special emphasis needs to be placed on specific services.
- E) all of the above

Answer: E

Diff: 3

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

81) How would Hershey's current divisional structure most likely be classified?

- A) By geographic area
- B) By product
- C) By service
- D) By customer
- E) By process

Answer: A

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

82) A divisional structure by geographic area is most appropriate when

- A) organizations have similar branch facilities located in widely dispersed areas.
- B) an organization offers only a limited number of products or services.
- C) consumption patterns for its products and/or services are the same worldwide.
- D) the company's customers in different geographic locations have similar needs and characteristics.
- E) the firm serves one geographic area.

Answer: A

Diff: 1

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

83) What is the best divisional structure when a few major customers are of paramount importance and many different services are provided to these customers?

- A) By geographic area
- B) By customer
- C) By product
- D) By process
- E) By cost

Answer: B

Diff: 3

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

84) Which organizational structure has the disadvantage of ambiguous roles for senior executives?

- A) Functional
- B) Divisional
- C) Strategic business unit
- D) Matrix
- E) Process

Answer: C

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

85) What is the most complex form of organizational structure?

- A) Divisional
- B) SBU
- C) Matrix
- D) Functional
- E) Geographic

Answer: C

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

86) When developing an organizational chart, you should

- A) recommend dual titles for executives.
- B) use the title "president" for the top executive of the firm.
- C) make sure that the chief financial officer is not at the same level as the chief operating officer.
- D) have division presidents report to a chief operating officer.
- E) have employees report to more than one person in the chain of command.

Answer: D

Diff: 2

Objective: 10.01 Construct effective organizational chart.

Learning Outcome: Compare and contrast approaches to organizational structure

87) Restructuring is also referred to as

- A) reengineering.
- B) delayering.
- C) diversifying.
- D) upsizing.
- E) integrating.

Answer: B

Diff: 1

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

88) Which term is primarily concerned with shareholder well-being rather than employee well-being?

- A) Benchmarking
- B) Reengineering
- C) Product redesign
- D) Process management
- E) Restructuring

Answer: E

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

89) Which of these involves comparing a firm against the best firms in the industry on a wide variety of performance-related criteria?

- A) Restructuring
- B) Process redesign
- C) Reengineering
- D) Delaying
- E) Benchmarking

Answer: E

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

90) The primary benefit sought from restructuring is

- A) employee involvement.
- B) cost reduction.
- C) increased morale.
- D) increased number of hierarchical levels in the organization.
- E) increased innovation.

Answer: B

Diff: 1

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

91) What action involves reconfiguring or redesigning work, jobs, and processes for the purpose of improving cost, quality, service, and speed?

- A) Restructuring
- B) Downsizing
- C) Reengineering
- D) Delaying
- E) Recruiting

Answer: C

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

92) A firm uses information technology to reconfigure work, jobs, and processes. As a result, cost, quality, service, and speed are improved. What has the firm engaged in?

- A) Restructuring
- B) Benchmarking
- C) Reengineering
- D) Rightsizing
- E) Delaying

Answer: C

Diff: 2

AACSB: Information technology

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

93) In 2013, _____ of CEO compensation was directly associated with the performance of the firm, rather than salary.

- A) less than 10 percent
- B) almost 25 percent
- C) over 50 percent
- D) exactly 75 percent
- E) a full 100 percent

Answer: C

Diff: 3

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

94) All of the following statements regarding the recent trend in Japan of switching from seniority-based pay to performance-based approaches are true EXCEPT

- A) the switch is an effort to cut costs.
- B) the switch is boosting employee morale.
- C) the switch is an effort to increase productivity.
- D) the switch opposes the traditional training of Japanese employees to cooperate rather than compete.
- E) the switch goes against decades of encouraging workers to work in groups instead of individually.

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

95) What pay strategy requires employees or departments to establish performance targets, which, if exceeded, result in bonuses for all members?

- A) Profit sharing
- B) Bonus system
- C) Salary
- D) Gain sharing
- E) Hourly wage system

Answer: D

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

96) Which of these is NOT one of the tests used to determine whether a performance-pay plan will benefit an organization?

- A) Does the plan capture attention?
- B) Do employees understand the plan?
- C) Is the plan improving communications?
- D) Does the plan pay out when it should?
- E) Does the plan reduce management layers?

Answer: E

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.08 Explain how a firm can effectively link performance and pay to strategies.

Learning Outcome: Describe how organizational performance is measured

97) What change strategy involves giving orders and enforcing those orders?

- A) Self-interest
- B) Educative
- C) Force
- D) Rational
- E) Defusion

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

98) Resistance to change can manifest itself through

- A) absenteeism.
- B) sabotaging production machines.
- C) filing unfounded grievances.
- D) unwillingness to cooperate.
- E) all of the above

Answer: E

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

99) A change strategy that attempts to convince people that the change is to their personal advantage is

- A) defusion.
- B) force.
- C) educative.
- D) rational.
- E) compromise.

Answer: D

Diff: 2

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

100) Which of the following is in keeping with the current view of organizational change?

- A) Organizational change is a project.
- B) Organizational change is a continuous process.
- C) Organizational change is an event.
- D) Organizational change involves unfreezing behavior, changing the behavior, and then refreezing the new behavior.
- E) All of the above

Answer: B

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

101) Formal statements of organizational philosophy, charters, creeds, materials used for recruitment and selection, and socialization help an organization

- A) abide by SEC laws.
- B) link culture to strategy.
- C) set guidelines for firing.
- D) increase profits.
- E) manage conflicts between stakeholders.

Answer: B

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

102) Changing a strategy to fit an existing culture

- A) is usually less effective than changing a firm's culture to fit a new strategy.
- B) is usually more effective than changing a firm's culture to fit a new strategy.
- C) is just as effective as changing a firm's culture to fit a new strategy.
- D) is always the best option.
- E) none of the above

Answer: A

Diff: 2

AACSB: Reflective thinking

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

103) All of the following are examples of offerings at companies to promote a corporate wellness culture EXCEPT

- A) stress management programs.
- B) health fairs.
- C) abundance of bicycle racks onsite.
- D) free health insurance for employees who exercise regularly.
- E) cash incentives for completing Ironman triathlons.

Answer: D

Diff: 1

Objective: 10.02 Explain why corporate wellness has become so important in strategic planning.

Learning Outcome: Describe how organizational performance is measured

104) All of the following are ways and means for altering an organization's culture EXCEPT

- A) recruitment.
- B) restructuring of an organization's design.
- C) role modeling.
- D) retrenchment.
- E) mentoring.

Answer: D

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

105) Aspects of an existing culture that are antagonistic to a proposed strategy should be

- A) preserved.
- B) emphasized.
- C) built upon.
- D) changed.
- E) celebrated.

Answer: D

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

106) Just-in-time describes

- A) implementing strategies just before bankruptcy.
- B) delivering materials just as they are needed.
- C) a scheduling method for meetings.
- D) a personnel planning method.
- E) a process for improving quality.

Answer: B

Diff: 1

Objective: 10.07 Describe the relationships between production and operations and strategy implementation.

Learning Outcome: Discuss best practices for strategy implementation

107) A concern in matching managers with strategy is that jobs have relatively _____ responsibilities, while people are _____ in their personal development.

- A) static; dynamic
- B) dynamic; static
- C) quick; slow
- D) exciting; dull
- E) dull; exciting

Answer: A

Diff: 2

Objective: 10.09 Discuss employee stock ownership plans (ESOPs) as a strategic-management concept.

Learning Outcome: Discuss best practices for strategy implementation

108) Glass ceiling refers to

- A) the reality that most companies do not offer paternity leave for fathers as a benefit.
- B) the understanding that a good home life for employees contributes to a good work life and value for the firm.
- C) the focus on flexible scheduling, job sharing, and other quality of life benefits.
- D) the invisible barrier in many firms that bars women and minorities from top-level management positions.
- E) the decline in the percentage of women with college degrees between 1970 and today.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Discuss best practices for strategy implementation

109) In 2012, how many Fortune 500 have women CEOs?

- A) Two
- B) Five
- C) Twelve
- D) Eighteen
- E) Twenty-two

Answer: E

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Discuss best practices for strategy implementation

110) Wellness programs

- A) are too expensive for most companies to afford.
- B) are desired by employees but don't provide value to the company.
- C) are becoming more prevalent as companies realize the benefits to the firm.
- D) attract prospective employees who then fail to take advantage of them.
- E) are facing legal challenges from the health-care industry.

Answer: C

Diff: 2

AACSB: Reflective thinking

Objective: 10.02 Explain why corporate wellness has become so important in strategic planning.

Learning Outcome: Discuss best practices for strategy implementation

111) Which company estimates wellness programs have cumulatively saved the company \$250 million on health-care costs in the past decade?

- A) Ford Motor Company
- B) Johnson & Johnson
- C) Coca-Cola
- D) TJX
- E) Boeing

Answer: B

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 10.02 Explain why corporate wellness has become so important in strategic planning.

Learning Outcome: Discuss best practices for strategy implementation

112) What are five differences between strategy formulation and strategy implementation?

Answer: Strategy formulation is positioning forces before the action, whereas strategy implementation is managing forces during the action. Strategy formulation focuses on effectiveness, whereas strategy implementation focuses on efficiency. Strategy formulation is primarily an intellectual process, whereas strategy implementation is primarily an operational process. Strategy formulation requires good intuitive and analytical skills, whereas strategy implementation requires special motivational and leadership skills. Strategy formulation requires coordination among a few individuals, whereas strategy implementation requires coordination among many individuals.

Diff: 2

Objective: 10.03 Explain why strategy implementation is more difficult than strategy formulation.

Learning Outcome: Discuss best practices for strategy implementation

113) List four major reasons annual objectives are essential for strategy implementation.

Answer: Annual objectives are essential for strategy implementation because they: 1) represent the basis for allocating resources; 2) are a primary mechanism for evaluating managers; 3) are the major instrument for monitoring progress toward achieving long-term objectives; and 4) establish organizational, divisional, and departmental priorities.

Diff: 2

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

114) Name at least ten issues that may require a management policy.

Answer: Possible answers include: 1) To offer extensive or limited management development workshops and seminars. 2) To centralize or decentralize employee-training activities. 3) To recruit through employment agencies, college campuses and/or newspapers. 4) To promote from within or to hire from the outside. 5) To promote on the basis of merit or on the basis of seniority. 6) To tie executive compensation to long-term and/or annual goals. 7) To offer numerous or few employee benefits. 8) To negotiate directly or indirectly with labor unions. 9) To delegate authority for large expenditures or to retain this authority centrally. 10) To allow much, some, or no overtime work. 11) To establish a high- or low-safety stock of inventory. 12) To use one or more suppliers. 13) To buy, lease, or rent new production equipment. 14) The degree to which to stress quality control. 15) To establish many or only a few production standards. 16) To operate one, two, or three shifts. 17) To discourage using insider information for personal gain. 18) To discourage sexual harassment. 19) To discourage smoking at work. 20) To discourage insider trading. 21) To discourage moonlighting.

Diff: 3

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

115) There are three major approaches for managing and resolving conflict in an organization. Define these three approaches and give an example of each.

Answer: Various approaches for managing and resolving conflict can be classified into three categories: avoidance, defusion, and confrontation. Avoidance includes such actions as ignoring the problem in hopes the conflict will resolve itself, or physically separating the conflicting individuals. Defusion can include playing down differences between conflicting parties while accentuating similarities and common interests, compromising so there is neither a clear winner nor loser, resorting to majority rule, appealing to a higher authority, or redesigning present positions. Confrontation is exemplified by exchanging members of conflicting parties so each can gain an appreciation of the other's point of view, or holding a meeting at which conflicting parties present their views and work through their differences.

Student answers will vary on the examples given for each approach.

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 10.04 Discuss the importance of annual objectives and policies in achieving organizational commitment for strategies to be implemented.

Learning Outcome: Discuss best practices for strategy implementation

116) What are the advantages and disadvantages of a divisional organizational structure?

Answer: A divisional structure has some clear advantages. The first is that accountability is clear. Also, it creates career development opportunities for managers, allows local control of local situations, leads to a competitive climate within an organization, and allows new businesses and products to be added easily.

A divisional structure does have its limitations. A divisional structure is costly because each division requires functional specialists who must be paid, there exists some duplication of staff services, facilities and personnel, and better-qualified individuals require higher salaries. It is also costly because it requires an elaborate headquarters-driven control system. Finally, competition between divisions may become so intense that it is dysfunctional and leads to limited sharing of ideas and resources for the common good of the firm.

Diff: 2

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

117) There are four basic ways a divisionally structured firm could be organized. What are these four ways? Give an example of each.

Answer: The four basic ways a divisionally structured firm could be organized are: 1) by geographic area. An example of this would be any organization with similar branch facilities located in widely dispersed areas, like Hershey; 2) by product or service. General Motors, DuPont, Microsoft, and Procter & Gamble are examples of divisional structure by product; 3) by customer. Book publishing companies often organize their activities around customer groups such as college, secondary schools, and private commercial schools; and 4) by process. An example of this is a manufacturing business organized into six divisions: electrical work, glass cutting, welding, grinding, painting and foundry work. Each division would be responsible for generating revenues and profits.

Diff: 2

AACSB: Analytical Thinking

Objective: 10.05 Explain why organizational structure is so important in strategy implementation.

Learning Outcome: Compare and contrast approaches to organizational structure

118) Compare and contrast restructuring and reengineering.

Answer: Restructuring involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure. Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

In contrast, reengineering is concerned more with employee and customer well-being than shareholder well-being. Reengineering involves reconfiguring or redesigning work, jobs, and processes for the purpose of improving cost, quality, service, and speed. Whereas restructuring is concerned with eliminating or establishing, shrinking or enlarging, and moving organizational departments and divisions, the focus of reengineering is changing the way work is actually carried out. Reengineering is characterized by many tactical decisions, whereas restructuring is characterized by strategic decisions.

Diff: 2

Objective: 10.06 Compare and contrast restructuring and reengineering.

Learning Outcome: Compare and contrast approaches to organizational structure

119) Discuss the dos and don'ts in developing organizational charts.

Answer: There are some basic dos and don'ts in regard to devising or constructing organizational charts, especially for midsize to large firms. First of all, reserve the title CEO for the top executive of the firm. Don't use the title "president" for the top person; use it for the division top managers if there are divisions within the firm. Also, do not use the title "president" for functional business executives. They should have the title "chief," or "vice president," or "manager," or "officer," such as "Chief Information Officer," or "VP of Human Resources." Further, do not recommend a dual title (such as "CEO and President") for just one executive. Actually, "chairperson" is much better than "chairman" for this title. Directly below the CEO, it is best to have a COO (chief operating officer) with any division presidents reporting directly to the COO. On the same level as the COO and also reporting to the CEO, draw in your functional business executives, such as a CFO (chief financial officer), VP of Human Resources, a CSO (Chief Strategy Officer), a CIO (Chief Information Officer), a CMO (Chief Marketing Officer), a VP of R&D, a VP of Legal Affairs, an Investment Relations Officer, Maintenance Superintendent, etc. Note in Figure 7-8 that these positions are labeled and placed appropriately. Note that a controller and/or treasurer would normally report to the CFO.

Diff: 2

Objective: 10.01 Construct effective organizational chart.

Learning Outcome: Compare and contrast approaches to organizational structure

120) What are the three commonly used strategies or approaches for implementing changes in an organization? Give an advantage and/or disadvantage for each type of approach.

Answer: Although there are various approaches for implementing changes, three commonly used strategies are a force change strategy, an educative change strategy, and a rational or self-interest change strategy. A force change strategy involves giving orders and enforcing those orders; this strategy has the advantage of being fast, but low commitment and high resistance plague it. An educative change strategy is one that presents information to convince people of the need for change; the disadvantage of an educative change strategy is that implementation becomes slow and difficult. However, this type of strategy evokes greater commitment and less resistance than does the force change strategy. Finally, a rational or self-interest change strategy is one that attempts to convince individuals the change is to their personal advantage. When this appeal is successful, strategy implementation can be relatively easy.

Diff: 2

AACSB: Analytical Thinking

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Explain how to manage resistance to change

121) Explain the nature and role of ESOPs in strategic management.

Answer: An ESOP is a tax-qualified, defined-contribution, employee-benefit plan whereby employees purchase stock of the company through borrowed money or cash contributions. ESOPs empower employees to work as owners. Besides reducing worker alienation and stimulating productivity, ESOPs allow firms other benefits, such as substantial tax savings. Principal, interest, and dividend payments on ESOP-funded debt are tax-deductible. Banks lend money to ESOPs at interest rates below prime. This money can be repaid in pretax dollars, lowering the debt service as much as 30 percent in some cases.

Diff: 2

Objective: 10.09 Discuss employee stock ownership plans (ESOPs) as a strategic-management concept.

Learning Outcome: Describe how organizational performance is measured

122) Discuss how work life/home life balance is being addressed by organizations.

Answer: Work/family strategies have become so popular among companies today that the strategies now represent a competitive advantage for those firms that offer such benefits as elder care assistance, flexible scheduling, job sharing, adoption benefits, an on-site summer camp, employee help lines, pet care, and even lawn service referrals. New corporate titles such as work and life coordinator and director of diversity are becoming common. A corporate objective to become more lean and mean must today include consideration for the fact that a good home life contributes immensely to a good work life. The work/family issue is no longer just a women's issue. Some organizations offer family days, when family members are invited to the workplace and given a chance to see what other family members do each day. Flexible working hours are another human resource response to the need for individuals to balance work life and home life.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 10.10 Describe how to modify an organizational culture to support new strategies.

Learning Outcome: Discuss best practices for strategy implementation